



\$81 million deal done on huge exploration target

Drilling is expected to resume next month at an iron ore prospect south of Broken Hill following the signing of a multi-million joint venture to progress the project.

Brisbane exploration company Carpentaria yesterday announced that privately owned Bonython Metals Group (BMG) would farm-in on its Hawsons Iron Project,

about 60 kilometres south of the city.

Under the deal, BMG will pay Carpentaria a total of \$81 million, including \$28m for exploration costs, in staged payments in return for an 80 per cent share of the project.

Carpentaria estimates an exploration target at Hawsons of 2.2m to 4.8 billion tonnes, making it one of the largest iron

oxide exploration targets in Australia.

Executive chairman Nick Sheard told the BDT in October last year, following initial drilling results, that the Hawsons prospect had a lot of potential, though still in the very early stages.

He said that lab tests suggested a mine would yield about one tonne of high grade magnetite per five tonnes of material.

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Carpentaria will receive an initial cash payment of \$5 million plus a further \$8m for exploration and prefeasibility work to define up to one billion tonnes of inferred resource within two years.

Following this, BMG will pay Carpentaria a further \$25m, increasing its share in the project to 51 per cent, and fund a bankable feasibility study.

On completion of the study, BMG will pay Carpentaria a final installment of \$23m. The joint venture has a targeted production of 20 million tonnes per annum.

Mr Sheard said in a statement that such a large project required considerable funding and

a partner with "sufficient financial backing" to fast-track its development.

"The new agreement with BMG will boost plans for the development of a new magnetite iron province near Broken Hill, with considerable potential economic benefits for the region," he said.

Mr Sheard said the Burta and Little Peak tenements that were subject to the agreement were only 40 kilometres from a main rail line and had ready access to skilled labour and other infrastructure in Broken Hill.

Drilling approvals for the initial exploratory work have been received, and drilling is expected to resume in mid-May.

"This is considered to be

one of the largest magnetite exploration targets in Australia," according to a joint statement from the companies, which added the material occurred in a siltstone and was very soft, enabling low cost mining and crushing.

This is the second joint venture between the companies announced this year. In February, BMG farmed into Carpentaria's South Dam iron project in South Australia.

"This latest agreement will enable Carpentaria to retain a major equity interest in the Hawson Iron project with the objective of fast-tracking production of up to 20 million tonnes per annum of concentrate," Mr Sheard said.



* Exploration company Carpentaria has entered a joint venture agreement with BMG to progress the Hawsons iron ore project south of Broken Hill.